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**The \$400 Billion Prescription Drug Lie**

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**There's an old joke that goes: How do you know when a politician is lying? The answer: His lips are moving. Well, politicians' lips are moving about the new Medicare prescription**

**drug benefit for senior**

s. The program, which Congress is expected to approve any day now, will mark the largest-ever expansion of Medicare. Although the exact details are yet to be finalized, it will subsidize the cost of prescription drugs for 40 million American seniors (and all future retirees). Politicians say the program will cost \$400 billion over 10 years. But when they say that, alarm bells should go off. Why? Because when politicians predict how much government programs will cost, they are almost always wrong. And they're not just a little bit wrong. They are hugely wrong. Spectacularly wrong. (I would say embarrassingly wrong, but most politicians seem immune to embarrassment.)

Let's look at Medicare. When Congress first approved the Medicare program in 1965, Washington's best and brightest projected it would cost \$9 billion by 1990. In fact, the actual cost in 1990 was \$67 billion. So politicians were wrong by \$58 billion. Oops. Even by Washington, DC standards, that's real money. Unfortunately, Capitol Hill's fallacious financial forecasting doesn't stop with medical programs. Consider:

- \* When Congress passed the Superfund program to clean up toxic waste sites in 1980, politicians estimated it would cost \$5 billion over five years. The actual cost: \$24 billion over 15 years.
- \* When Congress passed the "Freedom to Farm" bill to wean farmers off government handouts in 1996, the projected cost was \$47 billion over seven years. The actual cost: \$118 billion.
- \* When Congress approved the "Big Dig" tunnel and roadwork project for Boston in 1985, the projected cost was \$2.6 billion. The actual cost: \$14.6 billion. (It's also five years behind schedule.)
- \* When Congress approved the F/A-22 Raptor fighter in 1992, the projected cost per jet was \$89 million. The actual cost: \$248 million.

Why are politicians so frequently wrong? Several Danish economists wondered the same thing, so they undertook an exhaustive study of 258 U.S. government projects. Their results were published in the Journal of the American Planning Association in 2002. Here's what they found: A whopping nine out of 10 government projects cost more than estimated. The average cost overrun: 28 percent. The economists dug further to figure out why this happened. Was it honest error? Inflation? Incompetent contractors? Nope. What they discovered was that-brace yourself-politicians lied. Their study found that public officials deliberately deceived taxpayers about the real costs of projects and programs. The economists wrote: "Project promoters routinely ignore, hide, or otherwise leave out important project costs and risks in order to make total costs appear low."

Politicians also used another trick to get budget-busting programs approved: The so-called "salami tactic." They would reveal the actual cost of a project one slice at a time, hoping the project would be too far along to cancel. Why do politicians lie so often? Self-promotion. They want to brag today about a new program that might help them get elected tomorrow. If it winds up costing an extra \$10 billion 20 years down the road-well, they'll worry about it then. In the meantime, lying seems to work pretty well as a campaign technique. Yes, I know, "lying" is such a harsh word. It would seem so much nicer if we called it fibbing, or prevaricating, or exaggerating. The problem is, we pay the price for politicians' lies. Their dishonesty translates directly into higher taxes and that means less money for you and your family. So please keep one thing in mind as politicians proudly tout their new "\$400 billion" Medicare program:

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If they're as wrong about the price tag for prescription drug benefits as they were about the Superfund, the real cost will balloon to \$1.92 trillion.  
If they're as wrong as they were about the Big Dig, the real cost will inflate to \$2.24 trillion.  
If they're as wrong as they were about the entire Medicare program, the real cost will metastasize to \$2.96 trillion.  
And if politicians tell you otherwise, well, please note that their lips are moving

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